METRO REPORT

A publication of the New York Metro Region Operations Unit

March 9, 1993 Volume 1 Issue 5

March 14-19, 1994 F.E.T. Week

TO OUR CUSTOMERS:

I am writing to you about the proposed Federal Excise Tax increase endorsed by the Clinton Administration to help fund a National Health Care Program.

We have heard all sides of the continuing controversy on the best way to make basic health care accessible to all Americans and how to finance such a program. We have also made our case that an increase in cigarette taxes is unfair to American smokers and bad for the economy. It will mean lost jobs in all segments of the tobacco industry and drive up unemployment. It will cause a drop in cigarette sales and tax revenues, requiring federal, state and local governments to raise other taxes.

I believe we are making headway in our effort to fight an increase in the F.E.T. Last year we were hearing proposals of as much as a $2.00 per pack increase. Now it's $.75 per pack. It's entirely possible to reduce it further, even to "0" if everyone who has a vested interest in the tobacco business acts now!

Our company has designated March 14-19 as F.E.T. week. A full scale campaign will be launched against the F.E.T. We are enlisting the help and support of the retail and wholesale trade community in this effort. Our intent is to deliver the strongest possible message to Washington with letters, phone calls and personal visits to our elected officials.

I am asking for support in using your influence, in however you feel appropriate, during this critical time. I might suggest a letter to your employees and suppliers, encouraging them to write or phone their senators and congressmen. You can circulate petitions that we could make available to you.

There are still some people in Washington who believe that a Federal Federal all sides of the continuing controversy on the best way to make basic health care accessible to all Americans and how to finance such a program. We have also made our case Excise Tax increase only affects tobacco producing states. That is imply not the case. It will impact workers and businesses, large and small, in all 50 states.

Raising cigarette taxes to unrealistic levels doesn't make much sense. The rollback of outrageously high federal and provincial cigarette taxes in Canada demonstrates that a united opposition of manufacturers, retailers, wholesalers and the smoking public can make a difference.

Please join us in helping make that difference. I appreciate anything you can do.

Sincerely,

Yancy W. Ford, Jr.
Executive Vice President, Sales

This letter was sent to all RJR customers February 18, 1994.

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Hold yourself responsible for a higher standard than anyone else expects of you. Never excuse yourself.

...Henry Ward Beecher

Source: https://www.industrydocuments.ucsf.edu/docs/rnkn0000

Contracts...

Projected Preliminary Contract Pay Register Report

In reviewing contract screens for both independent and chain accounts, the Merchandising Department found numerous errors which need to be addressed prior to the preliminary pay register, which will be created on April 2, 1994. Some errors include:

- Having an active full price display contract (FPD) with a base contract.
- Having an active saving display contract (SD) with a base contract.
- Having an active NSS1 contract with an active NSS2 contract.
- No contracts assigned to a chain headquarters (payment responsibility screen) with chain having active contracts at store level. This results in chains appearing on independent pay register.
- Contracts have been assigned to chain offices (indirect accounts).
- Accounts having 2 active full price display contracts in the same month.
- Accounts having 2 active saving display contracts in the same month.
- Accounts having 2 active base contracts in the same month.

The above list is not inclusive and all can be corrected by reviewing the projected preliminary contract pay register.

During the review process, it's important that everyone understands the difference between ending (E) and deleting (D) a contract. Ending (E) is used when a plan has ended and a new one is being assigned. Delete (D) is used when a plan should have never been entered. See Example on right.

If you have any questions please ask your DM or call the R.O.U.

SALES SYSTEM HOTLINE

We are expanding the coverage of the Sales System Hotline to include additional expertise on Monday, February 28, 1994. You will notice a few things are different.

First, we have established a direct 800 to the Sales System Hotline. It is 1-800-255-7745. This will allow you quicker access to assistance.

Second, all calls will come through a VRU(Voice Response Unit) in order to properly direct your call. Please make the menu selections as accurately as possible. This will help route your call and also provide us some valuable information on the type of calls coming into Winston Salem.

We are expanding the Hotline in order to emphasize Customer Service in Information Resource. If you have any suggestions, please forward them to either the Hotline or

CAMEL CASH V

Limited Time Purchase CAMEL Cash V Premiums

In response to numerous Field Sales requests, the CAMEL brand has announced a one-time purchase offer for CAMEL Cash "Joe's Place" premiums. **(See enclosed information).**

Important Details:

- Offer available ONLY to Field Sales employees (full and part-time), 21 years of age or older.
- The offer expires April 30, 1994.
- Only one order for per employee will be accepted
- Offer only for items currently in CAMEL Cash V Catalog.

If you have any questions, please contact the R.O.U.

EXAMPLE:

Action	Type	Plan	Units	Begin Date	End Date	
	1BASE1	A	1	1/94		
E	SD1	A	1	1/94	1/94	Incorrect

The above example is incorrect, as you cannot have an active SD display with an active Base. This account will receive payment for January for the display in addition to the base payment. The correct way would be to either; Delete (D) the SD contract if it should have never been entered or Change beginning date of base to 2/94

Lessons in Life *from* George Washington

(part 1 in a series)

George Washington, the first president of the US, taught Americans what to expect from their leaders. He set an example that has served the nation well for more than 200 years. Washington's personality and behavior can teach us many lessons—in statesmanship and also in life.

STRENGTH Washington stood six-feet three-inches tall, head and shoulders above most of his countrymen. At that time, the average American male was five-feet six-inches tall, about three inches shorter than now.

Washington had huge hands and took pride in his physical strength. He put that strength to good use throughout his unusually active life. He was a businessman and farmer, soldier and statesman—often simultaneously. But he recognized the distinction between strength and force.

Example: When Washington campaigned for election to the Virginia Sate assembly in 1755, one of his speeches offended a proud man named Thomas Payne. The hot-tempered Payne grabbed a hickory branch and knocked the much bigger Washington to the ground. The next day Washington visited Payne's favorite tavern and demanded to see him. Payne thought he was going to be challenged to a duel. Instead, Washington apologized, retracted his offensive comment and asked to shake hands in friendship.

Lesson: The truest test of strength is not indulging your natural aggressive instincts but being able to conquer them.

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Source: https://www.industrydocuments.ucsf.edu/docs/rnkn0000

1 800 RJR TALK

F.Y.I.

The following letter was sent by Jim Johnston to the FDA in response to the FDA commissioner's accusations about the addition of nicotine to cigarettes.

February 28, 1994

David A. Kessler, M.D.
Commissioner of Food and Drugs
Food and Drug Administration
Department of Health & Human Services
Rockville, MD 20887

Dear Dr. Kessler:

This letter is intended to clarify one simple fact: that R.J. Reynolds Tobacco Company does not increase the nicotine in its cigarettes above what is found naturally in tobacco. In fact, our processes reduce the amount of nicotine in cigarettes when compared to unprocessed tobacco.

Reynolds manufactures and sells a broad range of cigarette products designed to appeal to the tastes of today's adult cigarette smokers. Smokers have increasingly demanded lower "tar" cigarettes. As a result of the processes used to lower "tar", nicotine has also been reduced. Over the past 40 years, the average "tar" and nicotine in cigarettes sold in the U.S. has declined by more than 60%.

The variety of cigarettes available is, in large part, a result of blending techniques developed over a long history of cigarette manufacture and research. In addition to traditional tobacco blending techniques, various other techniques are available to cigarette manufacturers, including puffing of tobacco, filtration, air dilution, tobacco reconstitution and others, in order to enable manufacturers to reduce the "tar" and nicotine yields in their cigarettes. As a result of these various techniques, the sales weighted averages of "tar" and nicotine yields in the United States today are 11.5 milligrams and 0.8 milligram, respectively.

In the early 1950's the sales weighted averages of "tar" and nicotine yields were 36 milligrams and 2.7 milligrams, respectively. Most cigarette brands were in a narrow band around this average. Flue-cured tobacco naturally contains 2.5 to 3.5 percent nicotine, burley tobacco contains 2.75 to 4.0 percent nicotine, and Oriental tobacco contains 0.5 to 1.8 percent nicotine in the cured leaf. Finished cigarettes generally contain approximately 1.5 to 2.5% nicotine by weight, less than the natural cured leaf.

The broad range of cigarette products available today provides smokers with a wide selection of tastes, "tar" and nicotine yields. The "tar" and nicotine yields in cigarettes are published by the Federal Trade Commission and the yields for each brand are provided in every advertisement for that brand in accordance with the law. The processing of certain tobaccos enables us to manufacture cigarettes consistent with the published "tar" and nicotine levels despite the nicotine variations from leaf to leaf and crop to crop.

Let me repeat, so that it is absolutely clear: R.J. Reynolds Tobacco Company does <u>not</u> increase the nicotine in the tobacco we use in the manufacture of our cigarettes.

Sincerely,

James W. Johnston

Guidelines for Non-Coupon Consumer Mission Name Generation Cards

When using the non-coupon Consumer Mission Name Generation Cards (com. #408113), the following procedures should be followed:

- In every situation, the card should be delivered only to adult smokers 21 years and older who demonstrate <u>purchase intent</u> toward cigarettes.

Examples:
- When we encounter our franchise smokers in retail stores.
- When we encounter smokers while conducting store sales.
- Inserting cards in multiple pack purchase clam shells.

- It is preferred that the cards are handed out by RJR personnel, but in the event they are handed out by retailers, please ensure that RJR guidelines regarding purchase intent, age, and one card per smoker are followed.

- Please do not over order. They are packed 250 per SKU.

<u>Please do not:</u>

- Use these cards as an entry device for sweepstakes or door prizes.

- Offer monetary incentives or gift rewards to retailers for getting these cards filled out.

- Use photocopies of name generation cards.

TO REPORT AN ACCIDENT
1 800 7 KEMPER
(1 800 753-6367)
7 a.m. to 7 p.m. Central Time
Monday through Friday

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Source: https://www.industrydocuments.ucsf.edu/docs/rnkn0000

From the desk of *Nick Kuruc:*

At this point, there are many unclear issues relating to the proposed Federal Excise Tax on cigarettes. However, one issue is perfectly clear....that is the effect an increased tax would have on sales and profits.

The chart below right illustrates the drastic effect a tax increase of $ .50, $ .75, or $ 1.00 would have on the annual profits of the Pathmark Supermarket Chain, the Quick Chek Food Store convenience Chain, and two (2) retail outlets in New York, and New Jersey.

As you can see, all levels of trade would be negatively impacted by increased taxes.

Figures such as those listed above, lend strong rationale to the upcoming trip to Washington this week. You can do your part by becoming a part of the trip, and by enlisting the aid of concerned retailers in every assignment. Make them aware of the negative impact a tax increase would have on their profits, and exactly what they can do to *join the fight* and voice their opposition to legislators.

We all stand to benefit if the proposed tax is defeated!

Note: The above figures were generated from the FET Excise Tax Increase EXCEL file.
Average retail selling and cost prices were used.

Are you receiving your paychecks late? Are you constantly waiting at the curbside for your mailman to show every other Friday? If so, we have a way for you to receive your checks quickly and efficiently...
DIRECT DEPOSIT!!!!!!!!!!

Contact either Lorrie (VM 73634) or Vionia (VM 77663) for forms.

Whoever said we had to do it perfect?

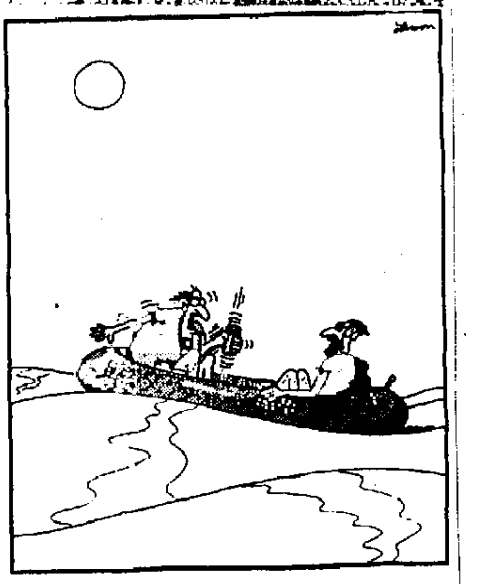
Just DO IT!

When in doubt, make a fool of yourself. There is a microscopically thin line between being brilliantly creative and acting like the most gigantic idiot on earth. So what the hell, leap.
...Cynthia Heimel

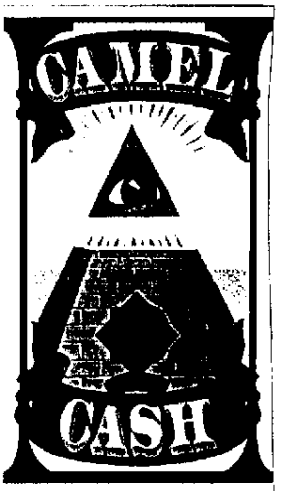
MARCH 1994
Pick Up Codes

	Retail	Wholesale
Full Price	D_3	F_3
Savings	C_3	E_3

Don't judge those who try and fail. Judge only those who fail to try.



"OK, crybaby! You want the last soda? Well, let me get it ready for you!"



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The Metro Report is a publication of the New York Metro Region Operations Unit. All questions and/or comments should be directed to the R.O.U at 1-800-227-6562 or by leaving a message at VM ext 78237.

We look forward to your your input and encourage you to make suggestions.

K. A. Cussen
Editor

Annual Profit Dollars Lost To Proposed F.E.T. Increase

Store/Chain	$.50	$.75	$1.00
Pathmark Supermarkets	$717,256	$1,070,829	$1,426,230
Quick Chek Food Stores	$489,149	$ 732,006	$ 975,128
Mom's Deli (N.J.)	$ 9,689	$ 14,485	$ 19,294
Joe' News (N.Y.)	$ 5,555	$ 8,315	$ 11,077

Source: https://www.industrydocuments.ucsf.edu/docs/rnkn0000